Government of
Saskatchewan

Financial Statement
2001-2002

Southeast
Regional College

103-00625/

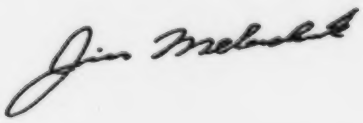
Letter of Transmittal

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the Southeast Regional College for the year ending June 30, 2002.

Respectfully submitted,



Jim Melenchuk
Minister of Learning

AUDITOR'S REPORT

To the Directors of Southeast Regional College:

We have audited the statement of financial position of Southeast Regional College as at June 30, 2002, and the statements of operations, changes in net assets and cash flows for the year then ended. The College is responsible for preparing these Financial Statements for the Treasury Board's approval. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

In our opinion, these Financial Statements present fairly, in all material respects, the financial position of the College as at June 30, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Weyburn, Saskatchewan
August 12, 2002

EPR Certified General Accountants

Southeast Regional College
Statement of Financial Position
as at June 30, 2002

	2002			2001 (note 15)
	Operating	Capital	Total	Total
Assets				
Current Assets				
Cash	$ 625,922	$ 41,615	$ 667,537	$ 672,841
Temporary investments (notes 12 & 13)	773,851	-	773,851	773,851
Accounts receivable (note 3)	350,676	34,200	384,876	987,659
Prepaid expenses	69,202	-	69,202	41,535
	1,819,651	75,815	1,895,466	2,475,886
Non-current Assets				
Capital assets (notes 2 & 4)	-	1,131,732	1,131,732	1,097,463
Deferred rent (note 8)	-	90,000	90,000	105,000
	$1,819,651	$1,297,547	$3,117,198	$ 3,678,349
Liabilities				
Current Liabilities				
Accrued salaries and benefits (note 6)	$ 201,367	$ -	$ 201,367	$ 191,696
Accounts payable & accrued liabilities (note 5)	330,947	24,200	355,147	821,003
Unearned revenue (note 11)	624,142	-	624,142	658,253
	1,156,456	24,200	1,180,656	1,670,952
Net Assets (note 2)				
Invested in capital assets	-	1,221,732	1,221,732	1,202,463
Externally restricted (note 12)	-	51,615	51,615	-
Internally restricted (note 12)	480,554	-	480,554	573,096
Unrestricted	182,641	-	182,641	231,838
	663,195	1,273,347	1,936,542	2,007,397
	$1,819,651	$1,297,547	$3,117,198	$ 3,678,349

Approved on behalf of the Board

The accompanying notes form an integral part of these financial statements

Southeast Regional College
Statement of Operations
for the year ended June 30, 2002

	Budget 2002 (note 14)	2002 Operating	2001 Operating	2002 Capital	2001 Capital	2002 Total	2001 Total
Revenues (Schedule 1)							
Saskatchewan Learning	$ 4,148,802	$ 4,027,086	$ 3,629,247	$ 187,829	$ 814,819	$ 4,214,915	$ 4,444,066
Federal government	-	-	15,168	-	-	-	15,168
Other revenue	2,227,192	1,781,227	1,965,871	47,070	3,978	1,828,297	1,969,849
Total revenues	6,375,994	5,808,313	5,610,286	234,899	818,797	6,043,212	6,429,083
Expenses (Schedule 2)							
Contractual and professional services	2,131,720	1,737,751	1,893,088	-	-	1,737,751	1,893,088
Rentals	271,528	316,922	263,427	(28,648)	(30,000)	288,274	233,427
Repairs and maintenance	12,362	32,692	32,671	-	-	32,692	32,671
Amortization (notes 4 and 8)	-	-	-	312,316	278,802	312,316	278,802
Operating expenses (Schedule 3)	965,721	885,351	961,068	-	-	885,351	961,068
Personal services	2,918,132	2,857,683	2,389,855	-	-	2,857,683	2,389,855
Total expenses	6,299,463	5,830,399	5,540,109	283,668	248,802	6,114,067	5,788,911
Excess (deficiency) of revenues over expenses	$ 76,531	$ (22,086)	$ 70,177	$ (48,769)	$ 569,995	$ (70,855)	$ 640,172

The accompanying notes form an integral part of these financial statements

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Statement 3

Southeast Regional College
Statement of Changes in Net Assets
for the year ended June 30, 2002

	2002		2002	2001
	Capital Fund	Operating Fund	Total	Total
Net assets, beginning of year	$ 1,202,463	$ 804,934	**$ 2,007,397**	$ 1,367,225
Excess (deficiency) of revenue over expenses	(48,769)	(22,086)	**(70,855)**	640,172
Interfund transfers (note 12)	119,653	(119,653)	-	-
Net assets, end of year	$ 1,273,347	$ 663,195	**$ 1,936,542**	$ 2,007,397

The accompanying notes form an integral part of these financial statements

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Southeast Regional College
Statement of Cash Flows
for the year ended June 30, 2002

	2002	2001 (note 15)
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	$ (70,855)	$ 640,172
Amortization of capital assets	312,316	278,802
	241,461	918,974
Decrease (Increase) in accounts receivable	602,783	(434,974)
Decrease (Increase) in prepaid expenses	(27,667)	24,463
Increase in accrued salaries and benefits	9,671	6,654
Increase (Decrease) in accounts payable and accrued liabilites	(465,856)	170,609
Increase (Decrease) in unearned revenue	(34,111)	248,159
Cash provided from operating activities	326,281	933,885
Cash flows from investing activities		
Purchase of capital assets	(331,585)	(955,830)
Cash used in investing activities	(331,585)	(955,830)
Net increase in cash and temporary investments	(5,304)	(21,945)
Cash and temporary investments, beginning of year	1,446,692	1,468,637
Cash and temporary investments, end of year	$ 1,441,388	$ 1,446,692

The accompanying notes form an integral part of these financial statements

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Notes to the Financial Statements

1. General Information

The Southeast Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. The Board of the Southeast Regional College is responsible for administering and managing the educational affairs of the College in accordance with *The Regional Colleges Act* and its regulations.

The College's objectives are to promote the social, economic and cultural development of Southeastern Saskatchewan by facilitating learning options in partnership with community groups and businesses.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant policies:

a) Fund Accounting

Funds are a separate self-balancing set of accounts for each accounting entity established within the accounting system, which segregate the transactions of a particular activity, as follows:

i The Operating Fund accounts for the organization's program delivery and administrative activities. The fund reports unrestricted resources and restricted operating and program grants.

ii The Capital Fund reports the assets, liabilities, revenues and expenses related to the capital assets of the College.

iii The College maintains Internally Restricted Funds designated by the Board for the following purposes:

Capital Purchases:	Funds are allocated for three categories of future capital requirements: Program Computer Enhancement, Program Equipment Enhancement and Facility Enhancement.
Other:	Other amounts are designated by the Board for specific purposes relating to future operations of the College. Funds in this category are: Program Development; to be used for development of existing and future programs to be offered by the College, and Education; to be used for professional development of College personnel.

Amounts transferred to, and disbursements from, these funds, are approved by the Board of Governors.

b) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight line basis over the estimated useful lives of the assets, and recorded as an expense in the capital fund, for the categories listed below:

Leasehold improvements	:	over the life of the lease, to which they relate.
Program equipment and office equipment	:	5 years.
Computer hardware and systems software	:	3 years.
Office furniture	:	10 years.

c) **Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the Operating Fund, in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund, in the year received.

Unrestricted contributions are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated, and collection is reasonably assured.

Investment income earned from the resources of internally restricted funds, is recorded as income in the Operating Fund.

Tuition revenue is recognized as revenue of the Operating Fund in the period in which the related expenses are incurred.

3. Accounts Receivable

Accounts receivable are composed of the following:

	2002 $	2001 $
Saskatchewan Learning	179,920	484,889
Government of Saskatchewan - other	4,996	64,628
Other less allowance for doubtful accounts (2002- $36,368, 2001 - $22,875)	199,960	438,142
	384,876	987,659

4. Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
	$	$	2002 $	2001 $
Leasehold improvements	1,048,015	207,321	840,694	768,194
Program equipment	309,871	240,454	69,417	60,723
Computer hardware - programs	743,526	639,798	103,728	67,442
Computer hardware - admin.	387,210	328,347	58,863	120,487
Office equipment	50,036	43,332	6,704	9,536
Office furniture	86,447	49,539	36,908	34,445
System software	196,395	180,977	15,418	36,636
	2,821,500	1,689,768	1,131,732	1,097,463

5. Accounts Payable

Accounts payable are composed of the following:

	2002 $	2001 $
Saskatchewan Learning		1,485
Government of Saskatchewan - other		1,779
Other	355,147	817,739
	355,147	821,003

6. Accrued Salaries and Benefits

Accrued salaries and benefits of $201,367 (2001, $191,696) representing retroactive salary adjustments and vacation earned by employees but not yet paid, has been calculated and recorded in the accounts.

7. Lease Commitments - Equipment and Buildings

The College has obligations for leases of office equipment and premises. Future minimum payments for the next five years total $914,839 with the following annual payments:

Year	$
2003	189,492
2004	189,492
2005	183,427
2006	177,362
2007	175,066

8. Deferred Rent

The college entered into a lease for facilities for a period of 10 years in 1998. A condition of the lease required an advance payment of $150,000 to the lessor of the premises. The payment has been recorded as deferred rent and will be amortized over the term of the lease at the rate of $15,000 per year.

9. Related Party Transactions

Included in these financial statements are revenue and expenditures resulting from routine operating transactions conducted at agreed rates with various Crown controlled departments, agencies and corporations, with which the College is related. Accounts balances resulting from these transactions are included in the statements of financial position and operations. These transactions are settled on normal trade terms.

Transactions with related parties, incorporated in these financial statements, include the following:

Significant payments to related parties during the fiscal year:

	2002 $	2001 $
Association of Saskatchewan Regional Colleges	26,000	6,082
Saskatchewan Regional Colleges	1,791	20,973
SIAST	385,990	659,403
Saskatchewan Property Management Corp.	38,975	90,171
Saskatchewan Telecommunications	95,248	118,874
SaskEnergy	15,395	12,728

Significant receipts from related parties during the fiscal year:

	2002 $	2001 $
Saskatchewan Regional Colleges	79,290	44,084
SaskPower	110,364	44,413
SaskEnergy	10,258	6,943
SIAST	67,563	35,032
SCN	131,875	79,125
Workers' Compensation Board	16,970	10,764

10. Pension Plans

Employees of the college are members of the Teachers' Superannuation Plan, the Saskatchewan Teachers Retirement Plan or a defined contribution plan established by the Southeast Regional College. The college's obligations under these arrangements are limited to matching employee's contributions of the defined contribution plan established by the Southeast Regional College. Pension contributions for 2002 totalled $102,055 (2001, $93,476).

11. Unearned Revenue

Unearned revenue represents restricted funding for operating grants and program payments received in the current period, for operations of the subsequent period as follows:

	2002 $	2001 $
Saskatchewan Learning	618,452	648,449
Other	5,690	9,804
	624,142	658,253

12. Restrictions on Net Assets and Interfund Transfers

The Board of Governors have placed internal restrictions on certain net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

External restrictions consist of $48,507 ($2001, $0) for equipment purchases under the Technology Enhanced Learning Pilot Project and $3,108 (2001, $0) for leasehold improvements for the Encana (formerly PanCanadian) Learning Lab.

Interfund transfers represent the transfer of funds, previously restricted by the Board of Governors for capital expenditures, to the capital fund for capital assets acquired during the period.

13. Financial Instruments

Cash, temporary investments, accounts receivable, accounts payable and accrued salaries and benefits are all short term in nature, and as such, their carrying value approximates fair value.

The College is exposed to credit risk from non-payment of accounts receivable. Credit risk is minimal for amounts due from Saskatchewan Learning, the Government of Canada, and other educational institutions. All other receivables are reported at estimated net realizable value.

14. Budget Amounts

The budget amounts on the financial statements were prepared by Regional College Management and approved by the Board on May 14, 2001. The Minister approved the budget on February 12, 2002.

15. Restated Amounts

Certain of the comparative figures in the statement of financial position, statement of cash flows, schedule of operating revenues by function and financial statement notes have been restated to conform to current year presentation.

Schedule 1

Southeast Regional College
Schedule of Operating Fund Revenues by Function
for the year ended June 30, 2002

	2002						2002	2002 Budget (note 14)	2001 (note 15)
	Administration	Programming				Support Services			
	General Revenue	Community & Individual Development	Adult Basic Education	Vocational Technical	University	Student Services	Total	Total	Total
Saskatchewan Learning									
Admin recovery grant	$ 28,400	$ -	$ 15,750	$ 50,000	$ -	$ -	$ 94,150	$ 114,150	$ 94,150
Base grant	1,781,667	-	-	-	-	-	1,781,667	1,733,044	1,626,180
Program payments	-	-	442,679	987,592	-	30,000	1,460,271	1,554,538	1,083,726
Regional Service Branch payments	14,500	250	236,576	317,895	-	64,546	633,767	685,570	771,454
Other	23,916	-	35,567	5,000	-	12,748	77,231	61,500	53,735
	1,848,483	250	730,572	1,340,487	-	107,294	4,027,086	4,148,802	3,629,247
Federal Government									
Seat purchases	-	-	-	-	-	-	-	-	-
Projects	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	15,168
	-	-	-	-	-	-	-	-	15,168
Other Revenue									
Admin recovery	-	-	-	-	-	-	-	-	-
Contracts	-	3,110	-	177,016	-	18,480	198,606	345,498	323,078
Interest	50,991	-	-	-	-	-	50,991	82,000	131,307
Rents	7,254	-	-	-	-	-	7,254	165	6,514
Resale items	11,090	75,295	662	96,573	205	-	183,825	227,119	186,305
Tuitions	-	509,073	31,168	621,693	178,617	-	1,340,551	1,572,410	1,315,403
Other	-	-	-	-	-	-	-	-	1,264
	69,335	587,478	31,830	895,282	178,822	18,480	1,781,227	2,227,192	1,965,871
Total revenue	1,917,818	587,728	762,402	2,235,769	178,822	125,774	5,808,313	6,375,994	5,610,286
Total expenses (Schedule 2)	1,411,970	882,043	761,144	2,242,050	292,051	241,141	5,830,399	6,299,463	5,540,109
Excess (deficiency) of revenues over expenses	$ 505,848	$ (294,315)	$ 1,258	$ (6,281)	$ (113,229)	$ (115,367)	$ (22,086)	$ 76,531	$ 70,177

The accompanying notes form an integral part of these financial statements

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Southeast Regional College
Schedule of Operating Fund Expenses by Function
for the year ended June 30, 2002

	2002								2002	2002 Budget (note 14)	2001
	Administration			Programming				Support Services			
	Board	Admin	Organization	Community & Individual Development	Basic Education	Vocational Technical	University	Student Services	Total	Total	Total
Contractual and professional services	$ 120,560	$ 34,198	$ 1,197	$ 271,050	$ 96,432	$ 1,016,950	$ 196,348	$ 1,017	$ 1,737,752	$ 2,131,720	$ 1,893,088
Rentals	345	(15,098)	256	(5,513)	61,214	257,538	7,215	10,966	316,923	271,528	263,427
Repairs and maintenance	-	28,349	-	4,343	-	-	-	-	32,692	12,362	32,671
Operating expenses (Schedule 3)	47,745	148,631	41,858	137,899	124,868	318,626	31,644	34,080	885,351	965,721	961,068
Personal services	29,574	654,225	320,130	474,264	478,630	648,936	56,844	195,078	2,857,681	2,918,132	2,389,855
	$ 198,224	$ 850,305	$ 363,441	$ 882,043	$ 761,144	$ 2,242,050	$ 292,051	$ 241,141	$ 5,830,399	$ 6,299,463	$ 5,540,109

The accompanying notes form an integral part of these financial statements

Schedule 3

Southeast Regional College
Schedule of Operating Fund Expenses
for the year ended June 30, 2002

	2002 Total	2002 Budget (note 14) Total	2001 Total
Advertising	$ 140,106	$ 101,698	$ 159,160
Association dues and fees	10,764	10,790	11,080
Bad debt expense	25,762	-	22,162
Bank charges and interest	1,939	2,160	1,643
Computer software	6,445	17,200	27,852
Conference and training fees	6,624	9,140	5,033
Insurance	6,921	6,800	5,829
Materials and supplies	116,755	128,707	118,865
Postal, freight, and courier	17,023	25,854	16,325
Printing and duplicating	56,920	38,644	42,565
Resale items	165,568	214,837	192,470
Small equipment	25,390	34,641	12,383
Subscriptions	1,662	3,575	4,165
Telephone and fax	91,601	118,292	103,418
Travel	187,842	220,304	216,082
Utilities	14,880	21,880	14,541
Other	9,149	11,199	7,495
	$ 885,351	$ 965,721	$ 961,068

The accompanying notes form an integral part of these financial statements

Schedule 4

Southeast Regional College
Schedule of Restricted Net Assets Transactions
for the year ended June 30, 2002

	Beginning Balance	Appropriations to net assets	Appropriations from net assets	Ending Balance (note 12)
Internally restricted				
Program computer fund	$ 249,095	$ 171,726	$ 73,844	$ 346,977
Equipment & facility fund	36,344	173,178	204,356	5,166
Program development fund	203,224	-	124,813	78,411
Educational development fund	84,433	-	34,433	50,000
	$ 573,096	$ 344,904	$ 437,446	$ 480,554

The accompanying notes form an integral part of these financial statements

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Southeast Regional College
Personal Service Listing
for the year ended June 30, 2002
"Unaudited"

Alelunas, Pat	$	2,640
Alexander, Sandy	$	52,830
Barber, Nancy	$	2,896
Bowser, Alexander	$	3,042
Busby, Cheryl	$	28,242
Chapman, Terry	$	4,565
Ching, Dale	$	3,615
Connery, Ila	$	62,947
Cook, Darlene	$	5,191
Haid, Edwin	$	6,475
Hassler, Sandra	$	5,628
Jones, Judi	$	71,376
Kalynka, Ron	$	3,075
Knibbs, Leah	$	57,196
Ludtke, Terry	$	64,305
Morrison-Lees Marylee	$	2,880
Packet, Debbie	$	4,070
Ribling, Betty	$	9,547
Rudachyk, Nikki	$	3,322
Rupcich, Mary Lou	$	4,129
Stangel, Jim	$	4,560
Storlie, Kelly	$	4,912
Weger, Carl	$	3,318
Whetstone, Art	$	89,012
Yeo, Beverly	$	4,129
Unionized	$	1,915,508
Total	$	2,419,410

Southeast Regional College
Supplier Payment Listing
For the year ended June 30, 2002
"unaudited"

Allstar Technologies Canada	$	75,497.80
Association of Saskatchewan Regional Colleges	$	26,000.00
Big Sky Farms Inc	$	59,250.00
Cardinal Construction Co Ltd	$	283,653.73
Carson Welding & Maintenance	$	30,253.92
Chicoine Billesberger	$	24,843.61
CHS Enterprises Inc	$	35,457.80
Dynamic Technologies	$	57,436.14
Encore Gourmet Foods	$	47,124.18
Estevan Comprehensive School Board	$	60,816.00
Executive Source	$	22,581.13
Grand & Toy	$	32,335.95
House of Stationery	$	26,022.17
Jim Penrod	$	30,086.87
Kelly Panteluk Construction Ltd	$	175,857.11
Laredo Well Services	$	20,000.00
London Life Insurance Company	$	200,729.89
Lowell Holmgren	$	23,842.10
Moosomin School Division #09	$	25,298.25
Nexans Canada Inc	$	123,750.00
Nick Tuchscherer Excavating	$	33,317.07
Petroleum Industry Training Service	$	39,574.48
Petroleum Industry Training Service	$	50,706.96
Prairie Driver Training Service	$	281,270.22
Prairie Rubber Corporation	$	54,398.88
Receiver General of Canada	$	839,398.92
Saskatchewan Property Management Corporation	$	38,974.69
Saskatchewan Blue Cross	$	71,622.98
SaskTel	$	95,248.14
Scott's Electric	$	50,559.07
SGEU Union Dues	$	27,736.59
SIAST Kelsey Campus	$	23,221.82
SIAST Palliser Campus	$	173,657.93
SIAST Wascana Campus	$	189,110.08
Southeast Education Foundation	$	74,486.25
Southland Pulse	$	65,000.00
St. John Ambulance	$	28,304.49
Trade West Equipment Ltd	$	26,533.66
University of Regina Bookstore	$	41,669.95
Western Trade Training Institute	$	24,717.00
Weyburn Comprehensive School Board	$	123,768.00
Weyburn School Division #97	$	20,000.00
Total	$	3,754,113.83